Company Registration Number: 06962304

PRAXIS II FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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PRAXIS II FINANCE PLC

COMPANY INFORMATION

Directors	D J Wynne I Kyriakopoulos Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company registered number	06962304
Registered office	Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Statutory Auditor	Deloitte LLP London United Kingdom

PRAXIS II FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report of Praxis II Finance PLC (the "Company" or the "Issuer") for the year ended 31 December 2018.

GENERAL

PRINCIPAL ACTIVITY

The Company is a special purpose entity, set up to issue €558m Asset Backed Fixed and Floating Rate Loan Notes due December 2023 (the "Loan notes"). The Loan notes were issued on 14 August 2009 as described in the Offering Circular and are listed on the Irish Stock Exchange. The Notes are in bearer form; consist of €330m Class A Notes and €40m Class B Notes as at 31 December 2018; and are now subject to redemption in full, at the option of the Company on any Interest Payment Date on receipt of sufficient amounts from the Originator to enable the Company to make payments for the outstanding loan notes. The directors have no intention to exercise the option. Their amortisation period, prior to which no capital repayments are due, will start on the interest payment date in September 2020. On 22 November 2012 certain part of transaction was restructured, which resulted in €49,200,000 of Class A and €138,800,000 of Class B notes being redeemed.

The Company used the entire Notes issue proceeds to purchase the Class A Series 2009-1 APC Loan Note and the Class B Series 2009-1 APC Loan Note issued by the APC (together the "Loan to the APC"). The Loan to the APC is structured to exactly match the Notes issued by the APC and their maturity date. The APC used the entire proceeds to purchase a portfolio of credit card and consumer loans in Greece ("Receivables Portfolio") originated by Piraeus Bank S.A. (the "Originator"). The Originator has substantially retained all the risks and rewards of ownership of the Receivables Portfolio and as such in the financial statements of Praxis II APC Ltd (the "APC") this is classified as a deemed loan to originator (the "Deemed Loan to the Originator")rather than the portfolio of loans it has legally purchased.

Interest on the Notes is paid monthly in arrears on the 27th of each month (each an "Interest Payment Date"):

(i) on the Class A Notes, at an annual rate of 1.90%; and
(ii) on the Class B Notes, at an annual rate of one-month EURIBOR.

The directors are currently assessing the impact of the Euribor transition which will be completed by 31 December 2021.

For the purpose of financial reporting, the Company's results are consolidated into the financial statements of Piraeus Bank S.A.

REVIEW OF THE BUSINESS

RESULTS

The results for the year and the Company's financial position at the year-end are shown in the financial statements. As at year end the carrying value of the Loan to the APC was €370,087,083 (2017: €370,069,667). Loan notes at the year-end amounted to €370,000,000 (2017: €370,000,000). As of 31 December 2018, cash and cash equivalents, including reserve funds, were €104,788 (2017: €82,443).

The Company's only sources of funds for the payment of principal and interest due on the Notes are the principal and interest collections which the Company is entitled to receive from the APC. The directors, who are also directors of the APC, have reviewed information relating to the credit quality of the Deemed Loan to the Originator by the APC and underlying Receivables Portfolio, and are satisfied that the level of impairment does not exceed the amount of credit enhancement supplied by the Originator to the APC.

FUTURE DEVELOPMENTS

The future performance of the Company depends on the performance of the underlying Receivables Portfolio of the deemed loan in Praxis II APC Ltd. The directors do not expect there to be any significant change in the Company's principal activity in the foreseeable future.

KEY PERFORMANCE INDICATORS

As all the Loan notes are held by the Originator, the directors consider the key financial performance indicators of the business to be the compliance with certain performance criteria as specified by the Offering Circular in order to avoid the trigger events that could lead to an early repayment of the Loan notes and the credit quality of the underlying Receivables Portfolio of the Deemed Loan to the Originator held in APC as detailed in note 7. The Originator has been affected by the high degree of uncertainty that characterises the Greek economic environment in recent years, as a result of the prolonged recession of the Greek economy, which led to a significant deterioration in the creditworthiness of corporate and individuals and therefore to the recognition of significant impairment losses by the Originator and by the Greek banking system in general. In August 2018 The Hellenic Republic officially exited the international bail-out programme and this is expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors' confidence in Greece. However, based on the terms of transaction documents, the risk for the Company in being able to pay off its obligation is limited to the receipt of funds from the Deemed Loan to the Originator. Details of other performance indicators are included in the investor reports which are publicly available on the following website: https://sf.citidirect.com/. The directors of the Company monitor compliance with the performance criteria on a monthly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks affecting the Company and its management are set out in note 13 to the financial statements. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose challenges to the borrowers to whom the Company has exposure through the Deemed Loan to the Originator. A detailed consideration of the risk factors relevant to the securitisation transaction is included in the section "Risk Factors" of the Offering Circular.

On 23 June 2016, the UK voted to exit the European Union. The UK is currently scheduled to leave the EU on 31 October 2019. As no exit deal has been currently reached, it is difficult to determine the likely economic financial impact at this stage. However, general market conditions may slow in the short to medium term which could impact the performance of the Deemed Loan to the Originator. This is not expected to have any effect on the Company's ability to continue as a going concern, given the credit enhancement in the structure and the limited recourse nature of the Company's debt. In addition, although the directors of the Company are based in the UK, the underlying collateral is in the European Union. At the date of signing these financial statements, the directors do not foresee any immediate risks crystallising. However, the directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

CAPITAL STRUCTURE

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirements.

GOING CONCERN

As explained in more detail in Note 1 to the financial statements, the directors have undertaken a detailed assessment of the Company and have made extensive enquiries of the management of the Originator. Given the details set out in Note 1, the directors believe the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

On behalf of the Board

I Kyriakopoulos
For and on behalf of Wilmington Trust SP Services (London) Limited
Director
04 September 2019

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Praxis II Finance PLC for the year ended 31 December 2018 with comparatives for the year ended 31 December 2017.

In accordance with IFRSs, the Company is considered to be controlled by Piraeus Bank S.A. (the "Transferor" or the "Originator" or the "Servicer"), a bank incorporated in Greece.

The Company was incorporated in England and Wales, United Kingdom together with Praxis II Holdings Limited (the "Holdings") and Praxis II APC Limited (the "APC") to take part in the Praxis II Series 2009-1 securitisation transaction (the "Securitisation Transaction") as described below in note 1. In addition to the information in the Strategic Report regarding the Securitisation Transaction, the directors manage the Company's affairs in accordance with the transaction documents as summarised in the Offering Circular dated 14 August 2009 as amended by the Deeds of Amendment dated 20 September 2011, 26 June 2015 and 21 July 2017 which can be obtained from the Originator at www.piraeusbank.gr.

The principal activity of the Company, results, future developments, KPIs, principal risks and uncertainties, and going concern are detailed in the Strategic Report.

CORPORATE GOVERNANCE STATEMENT

The directors are responsible for the Company's internal control environment and for reviewing the effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with its regulatory obligations. For further details, refer to the notes to the financial statements, particularly note 13 on financial risk management.

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements (save for DTR 7.2.5, a requiring description of the features of the internal control and risk management systems), which would otherwise require the Company to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were:

D J Wynne
M Clarke-Whelan (Resigned on 1 October 2018)
R Sutton (Appointed on 1 October 2018 and resigned on 26 March 2019)
I Kyriakopoulos (Appointed on 26 March 2019)
Wilmington Trust SP Services (London) Limited

The directors received no remuneration during the year (2017: €nil).

THIRD PARTY INDEMNITIES

Third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements. No third party indemnities were enforced for the directors of Praxis II Finance Plc or Piraeus Bank S.A.

DIVIDENDS

The directors have not recommended a dividend (2017: €nil).

FINANCIAL RISK MANAGEMENT
Information on Financial Risk Management in included in the "Principal Risks and Uncertainties" section of the Strategic report.

POLITICAL DONATIONS
There have been no political donations during the year (2017: €nil).

POST YEAR END EVENTS
There have been no subsequent events since the balance sheet date.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS
In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

APPOINTMENT OF AUDITORS
Pursuant to section 489 of the Companies Act 2006 a resolution to re-appoint Deloitte LLP as auditor for the ensuing year will be proposed at the annual general meeting. Deloitte LLP have expressed their willingness to continue in office as auditor.

On behalf of the Board

I Kyriakopoulos
For and on behalf of Wilmington Trust SP Services (London) Limited
Director
04 September 2019

PRAXIS II FINANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and authorised for issue on its behalf by:

I Kyriakopoulos
For and on behalf of Wilmington Trust SP Services (London) Limited
Director
04 September 2019

INDEPENDENT AUDITOR'S REPORT TO PRAXIS II FINANCE PLC

Opinion

In our opinion the financial statements of Praxis II Finance PLC (the 'Company'):
- **give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Loan loss provisioning
Materiality	The materiality that we used in the current year was €3,701k (2017: €3,701k) which was approximately 1% (2017: 1%) of the gross Loan to the APC.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the UK audit engagement team.
Significant change in our audit approach	In current year, based on the audit team's professional judgement and understanding of the Company's business processes, revenue recognition is no longer a key audit matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.	**We have nothing to report in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loan loss provisioning	
Key audit matter description	As disclosed in note 7, the Company has issued a loan to Praxis II APC Limited ("Loan to the APC") for €370.09m (2017: €370.07m). The recoverability of the Loan to the APC is dependent on the performance of a Deemed Loan to the Originator issued from Praxis II APC Ltd ("APC") to Piraeus Bank S.A. (the 'Originator' or 'Seller'). The performance of the Deemed Loan to the Originator is dependent on an underlying consumer loan portfolio in Greece (the 'Receivables Portfolio'). The Loan to the APC is carried at amortised cost by the Company using the effective interest method as described in note 1. On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments' ('IFRS 9'), which introduced a loan loss provisioning methodology based on expected credit losses ('ECL'), replacing the previous incurred loss model under IAS 39. Impairment on the Loan to the APC is derived from the Deemed Loan to the Originator in APC. Performance of the Deemed Loan to the Originator is derived from the performance of the Receivables Portfolio, combined with the credit enhancements provided by the Originator in respect of the Deemed Loan. Given the significant amount of management judgement involved in the impairment assessment, we identified it as a potential area susceptible to fraud. Management have described the recognition of impairment on the Loan to the APC in note 1, note 2 and note 7 to the financial statements.

How the scope of our audit responded to the key audit matter	We evaluated the appropriateness of the methodologies and policies chosen by management in relation to the determination of a loan loss provision. We performed the following procedures to assess expected credit losses: • Assessed the impairment on the Loan to the APC by testing the credit quality of the underlying Deemed Loan to the Originator within APC; and • Performed an assessment of the financial condition of APC and the Originator as at 1 January 2018 and 31 December 2018.

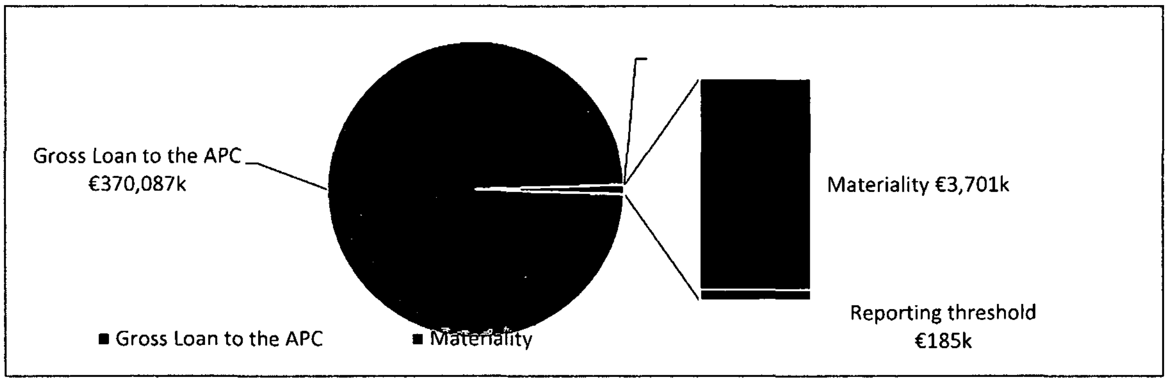
Key observations	From the work performed, we concur with management's judgement in respect of the loan loss provisioning as at 31 December 2018.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	€3,701k (2017: €3,701k)
Basis for determining materiality	The materiality was based on approximately 1% (2017: 1%) of the gross Loan to the APC.
Rationale for the benchmark applied	The purpose of the Company is to acquire and fund Receivables Portfolio, which are financed by the issue of loan notes. The underlying Loan to the APC is the driver of the Company's results and is therefore the focus of the users of the financial statements.



We agreed with those charged with governance that we would report to them all audit differences in excess of €185k (2017: €185k), as well as difference below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal controls, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

We have nothing to report in respect of these matters.

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including IT and financial instrument specialist regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following area: loan loss provisioning due to potential bias of management estimate; and
- obtaining an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, Listing Rules and the UK Securitisation tax regime.

Audit response to risks identified
As a result of performing the above, we identified loan loss provisioning as a key audit matter. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Other matters

Auditor tenure

We were appointed by the Board of directors on 24 October 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ended 31 December 2017 to 31 December 2018.

Consistency of the audit report with the additional report to those charged with governance

Our audit opinion is consistent with the additional report to those charged with governance we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Russell Davis, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
04 September 2019

PRAXIS II FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTINUING OPERATIONS	Note	**2018** **€**	2017 €
Interest income	3	**6,358,724**	6,342,583
Interest expense	4	**(6,374,500)**	(6,339,667)
Net interest (expense)/income		**(15,776)**	2,916
Other income		**141,171**	120,151
Administrative expenses		**(124,759)**	(122,433)
Profit before tax	5	**636**	634
Income tax (charge)/credit	6	**(121)**	10
Profit for the year		**515**	644
Total comprehensive income for the year		**515**	644

There is no other comprehensive income for the year and prior year. All of the Company's income is derived from continuing operations.

The notes on pages 17 to 27 form part of these financial statements.

PRAXIS II FINANCE PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	**2018** €	2017 €
Non-current assets			
Loan to the APC	7	**370,087,083**	370,069,667
Current assets			
Other receivables	8	**46,003**	77,909
Cash and cash equivalents	9	**104,788**	82,443
		150,791	160,352
Total assets		**370,237,874**	370,230,019
Equity			
Share capital	10	**14,534**	14,534
Retained earnings		**5,387**	4,872
Total equity		**19,921**	19,406
Non-current liabilities			
Loan notes	11	**370,000,000**	370,000,000
Current liabilities			
Other payables	12	**217,776**	210,432
Current income tax liability		**177**	181
		217,953	210,613
Total liabilities		**370,217,953**	370,210,613
Total equity and liabilities		**370,237,874**	370,230,019

These financial statements of Praxis II Finance PLC, Company registration number 06962304, on pages 13 to 27 were approved by the Board of Directors on 04 September 2019 and are signed on its behalf by:

I Kyriakopoulos
For and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 17 to 27 form part of these financial statements.

PRAXIS II FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital €	Retained Earnings €	Total equity €
At 1 January 2017	10	14,534	4,228	18,762
Profit for the year		-	644	644
At 31 December 2017		14,534	4,872	19,406
Profit for the year		-	515	515
At 31 December 2018		**14,534**	**5,387**	**19,921**

The notes on pages 17 to 27 form part of these financial statements.

PRAXIS II FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Cash flows from operating activities			
Profit before tax		**636**	634
Adjustments for:			
Interest income	**3**	**(6,358,724)**	(6,342,583)
Interest expense	**4**	**6,374,500**	6,339,667
Movement in other receivables	**8**	**31,906**	(3,575)
Movement in accrued administrative expenses	**12**	**(10,073)**	17,898
Tax paid		**(123)**	(118)
Net cash generated from operating activities		**38,122**	11,923
Cash flows from investing activities			
Interest received		**6,341,307**	6,342,583
Net cash generated from investing activities		**6,341,307**	6,342,583
Cash flows from financing activities			
Interest paid		**(6,357,084)**	(6,339,667)
Net cash used in financing activities		**(6,357,084)**	(6,339,667)
Net increase in cash and cash equivalents		**22,345**	14,840
Cash and cash equivalents at start of year	9	**82,443**	67,603
Cash and cash equivalents at end of year	9	**104,788**	82,443

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements.

1. PRINCIPAL ACCOUNTING POLICIES

General information

Praxis II Finance PLC is a public limited company incorporated and domiciled in the England and Wales, United Kingdom. The principal activity of the Company is that of a special purpose entity to facilitate the securitisation of a portfolio of credit card and consumer open loans (the "Receivables Portfolio") originated by Piraeus Bank S.A. (the "Originator") with borrowers in Greece by issuing loan notes (the "Loan notes"). The Company used the entire Loan notes issue proceeds to purchase Loan Note issued by the APC ("Loan to the APC"). Praxis II APC Ltd (the "APC") recognised a deemed loan to the originator (the "Deemed Loan to the Originator") as the Originator has substantially retained all the risks and rewards of ownership of the Receivables Portfolio.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU).

The Company mainly transacts in Euros ("€") and therefore, the Euro is its functional and presentational currency.

Going concern

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. At the balance sheet date the Company is showing a net asset position of €19,921 (2017: €19,406). The liquidity position of the Company is dependent on the performance of the Deemed Loan to the Originator in Praxis II APC Ltd, which depends on the cash receipts on the underlying Receivables Portfolio. The Receivables Portfolio is serviced by Piraeus Bank S.A. and therefore there is dependency on the Originator passing on related cash flows. Notwithstanding this, the obligations of the Company to pay interest and principal on the Loan notes are limited to the application of receipts on the underlying Receivables Portfolio to the deemed loan in accordance with the priority of payments as set out in the terms and conditions of the transaction agreement. The Notes are subject to redemption in full, at the option of the Company on any interest payment date on receipt of sufficient amounts from the Originator and APC to repay the Loan to the APC which will enable the Company to make payments for the outstanding loan notes.

The United Kingdom is currently scheduled to leave the European Union on 31 October 2019. Market conditions may slow in the short to medium term which could impact the performance of the Deemed Loan to the Originator. This is not expected to have any effect on the Company's ability to trade as a going concern, given the credit enhancement in the structure and the limited recourse nature of the Company's debt.
The directors believe the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

Standards affecting presentation and disclosure

On 1 January 2018, the Company implemented IFRS 9 "Financial Instrument". As permitted by IFRS 9, comparative information for previous periods has not been restated. A number of other new standards listed below are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Description	Effective date
IFRS 15: Revenue from contracts with customers	1 January 2018
Clarifications to IFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018

1. PRINCIPAL ACCOUNTING POLICIES (continued)

The new standards that are issued but not yet effective including IFRS 16: Leases are not considered to have a material impact on the Company's financial statements in the period of the initial application and in the long term.

Changes in accounting policies
On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments'. As permitted by IFRS 9, comparative information for previous periods has not been restated. The impact on the Company's financial position of applying IFRS 9 requirements is set out below.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures in 2018 but have not generally been applied to comparative information.

Classification and measurement of financial assets and financial liabilities
On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed the financial instruments held by the Company and determined whether reclassification was needed under IFRS 9.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI) and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Financial assets and financial liabilities of the Company comprise the Loan to the APC, other assets, cash, Loan notes and other liabilities. These are measured at amortised cost and there is no change in classification from IAS 39 under IFRS 9. Refer to note 7 for further detail.

Impact on the financial statements
IFRS 9 has been adopted without restating comparative information. The adjustments arising from IFRS 9 are therefore not reflected in the balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018. As prior periods have not been restated, changes in impairment of financial assets in the comparative periods remain in accordance with IAS 39 and are therefore not necessarily comparable to the loss provisions reported for the current period.

The adoption of IFRS 9 had no impact on the financial assets including the Loan to the APC and the opening retained earnings of the Company.

Financial assets
The Loan to the APC and cash and cash equivalents are carried at amortised cost using the effective interest method as explained below.

Loan to the APC
The Loan to the APC initially represents the consideration paid by the Company in respect of the acquisition of the Series 2009-1 APC Loan Notes from APC. The Loan to the APC is carried at amortised cost using the effective interest method.

The recoverability of the Loan to the APC is dependent on the recoverability of the Deemed Loan to the Originator in Praxis II APC Limited. In turn the recoverability of the Deemed Loan to the Originator depends on the collections from underlying Receivables Portfolio. Impairment losses on the securitised assets will not result in an impairment loss on the deemed loan by the APC to the Originator as long as they do not exceed the credit enhancement granted by the Originator and the repurchase terms of the structure and therefore the cash flows from the underlying Receivables Portfolio are still expected to be sufficient to meet obligations under the deemed loan.

The Receivables are considered impaired when it is probable that the APC will be unable to collect all amounts due according to the relevant contractual terms. The Originator's key assumptions for recoverability of the underlying Receivables Portfolio of the deemed loan relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated regularly as new data becomes available.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred consideration payable to the Originator
Under the terms of the securitisation, the Company retains the right of 0.01% available revenue receipts from the beneficial interest in the Receivables Portfolio. Income in excess of 0.01% is payable to Piraeus Bank S.A. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

Impairment losses on Loan to the APC
The Company recognises expected credit loss on the Loan to the APC when it is estimated that it will not be in a position to receive all payments due. The amount of the ECL allowance is the difference between all contractual cash flows that are due in accordance with the transaction document and all the cash flows that the entity expects to receive discounted at the original effective interest rate of the Loan to the APC.

Impairment losses on the securitised assets will not result in an impairment loss on the loan to the APC as long as they do not exceed the credit enhancement granted by the Originator (deferred consideration) and the repurchase terms of the structure and therefore the cash flows from the underlying Receivables Portfolio of the deemed loan are still expected to be sufficient to meet obligations under the deemed loan.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Loan notes
Loan notes were initially recognised at fair value being equal to the issue proceeds net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method. The issue costs have been borne by the Originator.

Cash and cash equivalents
Cash and cash equivalents represent deposits and reserves held with banks. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the Offering Circular and as such the cash and cash equivalents are not freely available to be used for other purposes.

Interest income and interest expense
Interest income and expense for all interest-bearing financial instruments are recognised on an accruals basis within 'interest income' and 'interest expense' in the Statement of Comprehensive Income using the effective interest rate method.

Effective interest rates
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Taxation
Current tax is recognised at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the year end date. The Company is taxed under The Taxation of Securitisation Companies Regulations 2006 (the "Permanent Tax Regime") under which the Company is taxed by reference to its retained profit as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Segmental analysis
The Company's assets are in Greece only with the operations carried out in the UK. Its results and net assets are derived solely from its acquisition of the Loans, so therefore the directors only report one business and one geographic segment.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The adoption of IFRS 9 on 1 January 2018 required an application of significant judgement and resulted in additional critical accounting estimates in comparison to those applied in 2017. Actual results may differ from these estimates.

The most important areas where the directors use critical accounting estimates and judgements in applying its accounting policies are as follows:

Critical accounting judgements for impairment losses
The expected credit losses ("ECL") measurement for impairment requires the Company to apply a high degree of judgment in determining the allowance for impairment losses and for the assessment of the significant increase in credit risk ("SICR").

IFRS 9 does not include a definition of what constitutes a SICR. An assessment of whether credit risk has increased significantly since the initial recognition of the Loan to the APC is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the Loan to the APC. The Company assesses whether a SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgement.

The definition of default of the Loan to the APC per the Company's impairment policy is 90 days in arrears or the existence of any qualitative factors that the borrower is unlikely to pay. For the Company, the directors will review the availability of credit enhancement in APC and assess whether the Loan to the APC is in default (90 days in arrears) or any qualitative factors that the borrower is unlikely to pay its obligation.

Key sources of estimation uncertainty
The use of estimates and assumptions is an integral part of recognising amounts in the financial statements that mostly relate to the following:

Impairment losses of financial assets
The impairment of the Loan to the APC depends on the recoverability of the Deemed Loan from Praxis II APC Ltd to the Originator.

The macroeconomics factors have been incorporated in the impairment calculation of the underlying Receivables Portfolio between APC and the Originator and assessed against the credit enhancements within APC. As a result of this available credit enhancement in APC, the macroeconomic conditions do not currently have a significant impact to the Loan to the APC.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment losses of financial assets (continued)
The directors have assessed the Originator as the underlying performance of the Loan to the APC is based on the recoverability of the Deemed Loan to the Originator in Praxis II APC Ltd. In turn the recoverability of the Deemed Loan to the Originator depends on the collections from underlying Receivables Portfolio. The Originator's Probability of Default, "PD" of the Loan to the APC is calculated as part of the annual financial reporting and is based on criteria such as any changes in their credit rating, their financial position and qualitative factors.

For the Deemed Loan from Praxis II APC to the Originator, the estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. As detailed in note 7, the credit enhancements within APC offset the impairments of the Receivables Portfolio and therefore no impairment has been recognised on the Statement of Comprehensive Income in APC and the Company. As such the directors have not performed a sensitivity analysis on the key sources of estimation.

3. INTEREST INCOME

	2018	2017
	€	€
Interest income on Loan to the APC	6,358,724	6,342,583

4. INTEREST EXPENSE

	2018	2017
	€	€
Interest on Loan notes	6,374,500	6,339,667

5. PROFIT BEFORE TAX

Profit before taxation is stated after charging:

	2018	2017
	€	€
Auditor's remuneration – audit of the statutory financial statements of the Company	33,350	40,400
Corporate services fees	19,468	32,942
Accountancy fees	25,200	12,773

The auditor's remuneration for the audit of the statutory financial statements of the Company for 2018 was €33,350 (2017: €40,400). No non-audit fees were paid to the auditor (2017: nil).

Fees payable for tax compliance services for the year were €4,051 (2017: €5,802) and were borne by the APC.

The Company has no employees (2017: no employees). Other than the corporate services fees and accountancy fees paid to Wilmington Trust SP Services (London) Limited as set out above, the directors received no remuneration during the year (2017: nil).

6. INCOME TAX CHARGE

a) Analysis of tax charge in the year

	2018	2017
Current tax:	**€**	€
UK Corporation tax (charge)/credit	**(121)**	(127)
Adjustments in respect of prior years	**-**	137
Total	**(121)**	10

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profit for this financial year are taxed at the effective rate of 19% (2017:19.25%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the period is equal to the standard rate of corporation tax in the UK of 19% (2017: 19.25%):

	2018	2017
	€	€
Profit before tax	**636**	634
Tax at the UK corporation tax rate of 19% (2017: 19.25%)	**(121)**	(127)
Adjustments in respect of prior years	**-**	137
Total income tax (charge)/credit	**(121)**	10

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. For UK corporation tax purposes, the Company has been considered as a securitisation company under the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)". Therefore the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction and as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)".

The directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

7. LOAN TO THE APC

	2018	2017
	€	€
Loan to the APC	**370,087,083**	370,069,667

The proceeds collected by the APC from the Receivables Portfolio will be applied in a defined priority to repay the Loan to the APC.

The Loan to the APC was not considered impaired as at 31 December 2018 (2017: €nil).

7. LOAN TO THE APC (continued)

	Stage 1	Stage 2	Stage 3	Total
Loan to the APC				
Gross carrying amount as at 1 January 2018	**370,069,667**	-	-	**370,069,667**
IFRS ECL transition adjustment	-	-	-	-
Changes in the gross carrying amount attributable to:				
- Transfer from stage 1 to 2	-	-	-	-
- Transfer from stage 1 to 3	-	-	-	-
- Transfers from stage 2 to 1	-	-	-	-
- Transfers from stage 2 to 3	-	-	-	-
- Transfers from stage 3 to 2	-	-	-	-
- Transfers from stage 3 to 1	-	-	-	-
- Write offs	-	-	-	-
Movement in interest accrued	17,416	-	-	17,416
Loan to the APC as at 31 December 2018	**370,087,083**	-	-	**370,087,083**

The credit quality of Deemed Loan to the Originator underlying the Loan to the APC is summarised as follows:

Deemed Loan to the Originator at amortised cost – 31 December 2018

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	Total
Loans				
Gross carrying amount	377,615,212	-	-	377,615,212
Less: ECL Allowance for impairment losses	-	-	-	-
Total net loans	377,615,212	-	-	377,615,212

Having considered the expected cash flows associated with the Deemed Loan to the Originator in Praxis II APC Ltd, including future deferred purchase consideration and the future repurchase of non-performing loans by the Originator, the directors have concluded that the gross Deemed Loan to the Originator held by the APC is not considered to be impaired at 31 December 2018.

8. OTHER RECEIVABLES

	2018	2017
	€	€
Corporation tax receivable	**620**	-
Prepayments and accrued income	45,383	77,909
	46,003	77,909

9. CASH AND CASH EQUIVALENTS

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements. All cash of the Company is held with Citibank N.A. The short term credit rating of Citibank N.A supplied by Fitch as at 12 June 2019 was A+.

	2018	2017
	€	€
Bank current accounts	104,788	82,443

10. SHARE CAPITAL

	2018	2017
Issued share capital:	€	€
2 (2017: 2) fully paid ordinary shares at £1 each	2	2
49,998 (2017: 49,998) quarter paid ordinary shares	14,532	14,532
	14,534	14,534

The issued share capital is reflected in the financial statements based on the prevailing €/£ exchange rate at the time of issue which was £/€ 1.1626.

11. LOAN NOTES

The Notes are listed on the Irish Stock Exchange and are due for repayment by December 2023. They are repaid according to the repayments received from the APC which are according to the repayments received from the Receivables Portfolio. The Notes' repayment in full depends on the funds generated by the Receivables Portfolio being sufficient. The Notes outstanding at the year-end were as follows:

	2018	2017
	€	€
Class A Notes	330,000,000	330,000,000
Class B Notes	40,000,000	40,000,000
	370,000,000	370,000,000

The Company has not had any defaults or any other breaches with respect to the Notes. The Company did not redeem any notes during the year.

The Notes are due to mature in December 2023 and interest is paid monthly in arrears on the 27th of each month (each an "Interest Payment Date"):

(i) on the Class A Notes, at an annual rate of 1.90%; and
(ii) on the Class B Notes, at an annual rate of one-month EURIBOR.

For the fair value of the Loan notes please refer to note 13.

The directors are currently assessing the impact of the Euribor transition which will be completed by 31 December 2021.

12. OTHER PAYABLES

	2018	2017
	€	€
Interest payable	87,083	69,667
Accrued administrative expenses	130,693	140,765
	217,776	210,432

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise the Loan to the APC, the Notes, cash and various other receivables and payables that arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments is undertaken.

The Originator manages the Receivables Portfolio of the deemed loan, which underlies the Loan to the APC, under the servicer agreement with the Company. In managing the underlying Receivables Portfolio of the deemed loan, the Originator applies its own risk management infrastructure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The maximum exposure to credit risk is considered to be the carrying amount of the relevant financial instruments as detailed below:

	2018	2017
	€	€
Loan to the APC	**370,087,083**	370,069,667
Cash and cash equivalents	**104,788**	82,443
Maximum credit risk exposure	**370,191,871**	370,152,110

The Deemed Loan to the Originator underlying the Loan to the APC consists of a Receivables Portfolio and credit enhancements due to the Originator. Refer to note 7 for information on the credit quality of the Deemed Loan to the Originator and Loan to the APC.

Interest rate risk

The Company is exposed to interest rate risk where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk through the credit enhancements including the deferred purchase consideration mechanism and the credit enhancement provided by the Originator. Management monitors the headroom between the deemed loan and deferred purchase consideration and loan notes to ensure the risk is managed.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due. The Company's responsibility to make payments against the Loan notes is limited to the funds available to it and accordingly, the Company is insulated from liquidity risk as experienced in the financial markets and prepayment risk. The contractual maturity of the notes is December 2023. Based on the contractual maturity date, the Loan notes are all repayable in less than five years.

The interest payable on the Loan notes is estimated based on the outstanding principal and interest rates at the year-end calculated up to the expected redemption date.

Foreign currency risk

The majority of the Company's assets and liabilities are denominated in Euro and therefore currently there is minimal foreign currency risk.

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Category	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
		€	€	€	€
Financial assets					
Loan to the APC	Amortised Cost	**370,087,083**	**293,199,229**	370,069,667	197,672,713
Cash and cash equivalents	Amortised Cost	**104,788**	**104,788**	82,443	82,443
Financial liabilities					
Loan notes	Amortised Cost	**370,000,000**	**250,893,490**	370,000,000	197,671,070
Other payables	Amortised Cost	**217,776**	**217,776**	210,432	210,432

Determining fair value is dependent on many factors and can only be an estimate of what value may be obtained in the open market at any point in time.

13. FINANCIAL RISK MANAGEMENT (continued)

Fair values (continued)
The majority of the fair values of the Company's financial instruments are not based on observable prices quoted in active markets, but are arrived at using valuation techniques. These valuation techniques (for example, models) are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are checked before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. The fair value of the Loan to the APC is calculated by reference to the fair value of the Loan notes. The fair value of the Loan to the APC is classified as Level 2.

The fair value of the loan notes has been estimated based on the price quoted by the European Central Bank for accepting the underlying securities as collateral for lending to the Originator. The fair value of the loan notes is classified as Level 2. The notes are listed on the Irish Stock Exchange.

The directors note the significant shortfall between the carrying amount and fair value of the Loan notes and of the Loan to the APC. The low fair value is due to the markets pricing of the risks associated with Greece in general whilst in practice the ability to repay the Loan notes depends primarily on the quality of the underlying receivables and their servicing by the Originator (see note 7).

Fair value hierarchy
Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

There has been no movement in classification of levels during the year.

The Company has no financial instruments included in its balance sheet that are measured at fair value.

Capital management
The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. There have been no changes in what the Company considers to be its capital since the previous year. The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with the APC which are identified throughout the financial statements, the following transactions are also required to be disclosed under IAS 24 Related Party Disclosures.

During the year corporate and accounting services were provided by Wilmington Trust SP Services (London) Limited to the Company, the APC and the Holdings for which Wilmington Trust SP Services (London) Limited earned €44,668 (2017: €45,715) including VAT and expenses.

During the year €141,171 (2017: €120,151) was charged to the APC to cover administrative expenses paid for by the Company and is presented as 'Other income'. At 31 December 2018, €46,003 (2017: €74,224) was still outstanding and disclosed within 'Other receivables'.

14. RELATED PARTY TRANSACTIONS (continued)

During 2009 the Company acquired 558,000,000 of APC Loan Notes of which €379,200,000 of Class A Series 2009-1 APC Loan Note and €178,800,000 of Class B Series 2009-1 APC Loan Note from Praxis II APC Limited, of which Mr D J Wynne, Mr I Kyriakopoulos and Wilmington Trust SP Services (London) Limited, are directors. At 31 December 2018, €370,000,000 (2017: €370,000,000) was still outstanding. During 2018, the Company earned interest on the APC Loan notes of €6,374,500 (2017: €6,339,667) of which €87,083 (2017: €69,667) was still outstanding at 31 December 2018.

Notes held by the Originator entities at 31 December 2018 amounted to €370,000,000 (2017 €370,000,000).

15. ULTIMATE CONTROLLING PARTY

The shares in the Company are 99.99% held by Praxis II Holdings Limited and the remaining 0.01% is held under a Declaration of Trust for charitable purposes. Piraeus Bank S.A. has no direct ownership interest in the Company. However, in accordance with IFRS 10, and particularly SIC 12, the results of the Company are included in the consolidated financial statements of Piraeus Bank S.A. The Company's ultimate controlling party is considered to be Piraeus Bank S.A. The consolidated financial statements of Piraeus Bank S.A. can be obtained at www.piraeusbank.gr.

16. SUBSEQUENT EVENTS

There are no subsequent events requiring disclosure in the financial statements.